

Montana Biomass Working Group
DNRC Clark Fork Conference Room, Missoula
Sept. 28, 2010

Meeting Minutes

Attending: Julie Kies-MT DNRC, Todd Morgan-UM BBER, Chuck Roady-Stoltze, Julia Altemus-DNRC, John Thompson-BLM, Roger Ziesak-DNRC. By phone: Brian Spangler-DEQ, Sean Steinebach-DNRC, Jim Krantz-Plum Creek.

- Federal, state, and local updates—Smurfit Stone site, EQC, Energy and Telecommunications Interim Committee (ETIC) activities, EPA “tailoring rule”, etc. —Julia Altemus

State policies

Julia provided an update on the ETIC and that they will be moving legislation forward to revise the MT Renewable Portfolio Standard to include hydro-electric production. Chuck asked if those projects would require fish passage/mitigation and mentioned that there are several factors that determine limits/allowances on hydro projects ie. maximum production.

Environmental Quality Council (EQC) has adopted the HJ1 Harvesting Energy Report on biomass. They are moving legislation forward that will exempt particular air permitting requirements for forestry equipmt/chippers/grinders similar to that which exempts agricultural equipment. We'll likely see legislative drafts starting in December.

Federal policies

- We'll see a continuing resolution for the 2010 budget
- Job Creation/Tax Cuts Bill introduced includes an additional one year extension on the Renewable Energy Standard which gives credit for electricity generation of open-loop biomass
- As it stands now, the Renewable Energy Standard (RES) retains the biomass definition from the 2005 Energy Bill which does allow for use of biomass from removals off federal lands, with some caveats.
- There is a chance that the RES will circumvent the EPA “tailoring” rule, however attempts in congress so far have fallen short
- Julia mentioned DNRC's membership with the Biomass Thermal Energy Council (BTEC) and the good work that they do. She shared a handout that provides informational comments to EPA's “tailoring rule” and Boiler MACT as it relates to GHG emissions associated with biomass.
- Sen. Harry Reid promised EPA wouldn't take action on their proposed rulings until 2 years out.
- BCAP-- may have new rules out this Fall.

Smurfit-Stone—expected to make an announcement by the end of the year on the fate of the mill site. There are 3-5 potential buyers on the short-list which may include demolition/salvage interests, site developers, and biofuel/energy. It may also be possible that Smurfit re-open the pulp mill without the union.

- **Current/future DNRC biomass grant opportunities—Julie Kies**
 - DNRC Statewide Biomass Utilization Grants are anticipated to be awarded by next week.

- DNRC Reg'l Planning Grant proposals due this Thursday, Sept. 30.
- DNRC to announce Biomass Energy Incentive Grant RFP this next winter/spring 2011.
- Encourage your local interests to apply.

Brian mentioned that Algae-Aqua Culture Technology was awarded a \$350,000 grant from DEQ to advance their project at Stoltze mill which requires wood biomass as a feedstock for algae growth to produce methane gas which feeds back into the algae growth and has potential to provide power to the mill, with additional co-products of biochar and organic soil amendments.

- **DEQ/DNRC partner on cost-share grant for mill energy audits—Brian Spangler**

DEQ/DNRC will announce Request for Applications from Montana sawmills to have industrial energy assessments conducted. Planning to advertise Request for Qualifications in early October to competitively select qualified auditors to conduct assessments. The RFA from mills is expected to be advertised in December. It's expected that there will be enough funds to assist 3-4 sawmills. The energy audit conducted will provide the mills with a technical report that mills can use to 1) implement production/facility energy efficiencies and 2) apply for future grant/loan opportunities for renewable energy/CHP projects through DOE, EPA, USDA and private banks. NW Energy and Bonneville Power Administration both have funding programs to assist with actual implementation of energy improvements recommended by the energy audits.

- **Update from Biomass Harvest Guidelines Sub-Group—Julie Kies**

- The last meeting of the sub-group was in June. After revision of the Forestry BMPs and integrating biomass into those the group felt it was important to address/provide harvest recommendations on other issues of concern beyond water quality, including soil productivity, biodiversity, and wildlife habitat.
- Roger Z shared that there is an opportunity to make revisions to the spiral-bound BMP handbook that integrates biomass considerations. This will likely just entail injecting a few more photos and a word or two. This will be discussed further with the Harvest Guidelines sub-group at their next meeting.

- **Update on drafting of MT's Biomass Utilization Strategy document—Julia Altemus**

The strategy sub-group has made good progress, but we are still missing information. The sub-group has a deadline of Friday, October 8th, to get final inputs in. After polishing that draft, the full working group will be sent a draft and given 10 days to comment. Julia plans to have this in Bob's hand and copies printed and ready for the state legislative session in January.

- **What's new/of interest to the group—Open Discussion**

- University of Montana—Julie talked about how their project is still progressing forward though they are in the final stages of their feasibility assessment—still scoping boiler manufacturers, trying to hone in on fuel supply quality/prices, and determining the economic feasibility. McKinstry, the energy contractors/design team, UM is working with have been talking to various fuel suppliers in the region. There was some discussion on UM's estimated/hopeful wood fuel costs and whether/not those prices were realistic with what fuel suppliers could provide in price and quality. UM staff is due to provide a report on the project's feasibility in November to the Board of Regents and to ask for their approval to move forward with the project. That's the point of go/no go. The group expressed a keen interest in seeing the UM project be successful. John Thompson with BLM offered to draft a letter of support for their project. Todd Morgan mentioned they are in the 2nd application

- period for the USDA Biomass Research and Development grant and may be seeking some more information/support for that application.
- Brian mentioned upcoming Biofuel workshops: USDA/FSA meetings Oct. 19-20 at MSU Havre. Biofuels Summit and USDA Regional Roadmap. The USDA Roadmap includes a goal for ethanol from forest biomass.

Next meeting date: To be determined for sometime in late October/early November